

Note-taking Outline for: *What are Taxes?*

I. What are Taxes? (pages 4-5)

A. A government manages the **economy** by using
_____.

B. A government charges taxes and uses this money to pay for
_____ it provides to its citizens.

C. Some services provided through city or county taxes are
_____, _____, _____,
_____, _____, _____,
_____, _____, _____.

D. Taxes add an extra cost to the _____ of a purchase.

E. Taxes take from the value of our _____ and
_____.

II. Taxes and the Revolution (pages 8-9)

A. Taxes were one of the major reasons for the _____
_____ from 1775-1783.

B. The British government wanted the tax money to pay for the cost
of _____ the colonies in America.

C. The _____ were upset because they had no say, or
representation in the British government.

D. Kinds of British taxes before and during the American Revolution

1. Sugar tax of 1764

Resource 3b

2. Stamp Act in 1765 set a tax on legal papers, _____, and _____.
3. The _____ in 1767 taxed the colonists for goods such as _____, _____, and _____.
4. Many colonists refused to buy British tea because of the tea _____. They bought tea from Holland instead.
5. The Tea Act of 1773 really angered the colonists because it allowed the _____ to sell tea for a much lower price than the Dutch tea. This led to a famous event known as the _____.

III. Kinds of Taxes in the USA today

A. Income Tax (pages 12-13)

1. People pay part of the money they _____ as **income tax**.
2. Workers must file an _____ once a year to report how much money they earned during that year.
3. The first income tax law in the United States passed in _____.

4. In 1913, the government passed the _____ Amendment to the _____ which allowed the federal government to collect an _____.

Resource 3c

5. Income tax is a **progressive tax** because people who earn more money pay a _____ rate of tax.

B. Sales Tax (pages 14-15)

1. Almost anybody who _____ goods at a store pays **sales tax**.

2. The seller adds a sales tax to the price of goods and services. The seller turns the sales tax money over to the state _____.

3. Each state government sets the _____, or percentage, of the sales tax.

4. Sales tax is called a flat tax because each person, rich or poor, pays the _____ percentage sales tax.

5. Some people think a sales tax is a regressive tax because it places a greater burden on people who are _____.

6. County governments can add on to the sales tax to pay for community _____.

C. Other taxes (pages 16-19)

1. Inheritance Tax is a tax on _____ or _____ that people receive when someone dies.

2. Gift tax is a tax on a _____ amount of money or property.

3. Tariff is a tax that companies pay if they buy goods from another _____. Tariffs help protect USA businesses from competition around the world.

Resource 3d

4. Local governments charge a yearly _____ to people who own land.

5. A _____ is a tax for driving on a certain road, bridge or tunnel.

6. Social Security

a. The Social Security Act of _____ was passed to help people who are older and not able to _____ any more.

b. Both businesses and _____ pay a small amount of their wages to the federal _____.

7. Medicare - 1965

a. Both _____ and workers pay a small amount of taxes to the federal government during the years someone earns a paycheck.

b. Medicare helps to pay the cost of _____ care for people who are 65 years of age or older.